



Defense Travel Management Office

Overseas Cost of Living Adjustment

On May 1, 2009, the Overseas Cost of Living Allowance (COLA) for Germany will be adjusted. COLA, a non-taxable supplemental pay allowance, is designed to offset the higher overseas prices of non-housing goods and services so that service members can afford to purchase the same goods and services overseas as they could if they were stationed in the United States. To help minimize the impact of this adjustment, reductions will occur over a four-month period (May – August 2009).

To calculate COLA rates using the Overseas COLA Rates Query tool, visit:

<http://www.defensetravel.dod.mil/perdiem/ocform.html>

For more information on COLA, visit:

<http://www.defensetravel.dod.mil/perdiem/allowcol.html>

As an example of the COLA adjustment, an E-5 with 10 years of service and two dependents stationed at *Full Support* community will see daily COLA reduced from the current rate of \$19.07 to \$17.49 on May 1 and to \$12.71 on August 1, a decrease of \$190.80 per month. Rank, years of service and number of dependents determine the actual COLA payment. These adjustments do not consider any changes due to currency fluctuations. Please see the attached table for examples of COLA adjustments by community.

Understanding COLA Calculations

Communities in Germany are grouped into categories based on similarities of cost and availability of commissary and exchange facilities. *Full Support* communities have facilities within one hour's drive or 50 miles, *Partial Support* communities have facilities within an hour and a half to a three-hour drive or 75-120 miles, and *No Support* communities are more than three hours or 150 miles away from facilities. A few communities fall outside of these categories, such as Grafenwoehr and Vilseck.

A standardized methodology is used to determine COLA for every overseas location where service members are stationed to ensure that they are not disadvantaged by their overseas assignment. At the most basic level, prices from each location are compared with prices in the United States for equivalent goods and services. To determine the overseas costs, duty stations submit data about where service members and their families shop (on-, and off-base), and on the specific goods and services purchased, along with their price.

COLA payment rates vary for each military service member from location to location due to the differences in the shopping amenities available, amount of purchases made on-base versus off-base, and local prices. The COLA index is a measured indicator of the differences in cost of goods and services between the United States average and an overseas location. The index takes into consideration the relative importance and use of items such as car insurance, gasoline, day care, etc., to ensure that more dollar significance is placed on these items. An index of 100 or higher means that prices in a particular location are equal if not higher, than in the United States; an index below 100 signifies that prices are less expensive than in the U.S.

The prices of goods and services have increased at a greater rate in the United States than in Germany. As of May 1, 2009, an adjusted COLA index for Germany will drop from 124 to 116, indicating that price differences have dropped from being 24% to 16% more expensive than average prices in the United States. This decrease represents two years of price growth difference between the United States and various locations in Germany. The total amount of COLA a service member will receive is adjusted for the current exchange rate (Dollar vs. Euro) on the day in which it is paid.

COLA Index Approval Process

Before COLA adjustments become final, recommendations are reviewed by the Military Advisory Panel (MAP), consisting of a representative from each of the seven uniformed Services. When approved by the MAP, these recommendations are forwarded to the principals, a group composed of Deputy Assistant Secretaries and Directors representing each of the uniformed Services. The principals approved the COLA index adjustments for Germany on March 5, 2009.

Influencing COLA Indexes

Service members can have a direct impact on their COLA indexes by participating in a Living Pattern Survey (LPS). This survey captures input from service members and their families to establish where they purchase goods and services. The next LPS for Germany is scheduled for the end of 2009. If you are asked to complete a survey, or serve as a price collector, you are being asked to serve in a critical role. The more households that participate in the surveys, the more accurate the COLA will be.

The Defense Travel Management Office's (DTMO) Per Diem Travel and Transportation Allowance Committee (PDTATAC) Division manages the results of COLA surveys. Comprehensive information about COLA is located on the DTMO website at <http://www.defensetravel.dod.mil>, as well as helpful FAQs. Service members can calculate their COLA rate at <http://www.defensetravel.dod.mil/perdiem/ocform.html>. The calculation tool will be updated with the current COLA amounts on May 1, 2009, and is updated each pay-period.

Please remember, COLA is not an entitlement and COLA fluctuations need to be considered in household budgeting. Because of the fluctuation, fixed expenses, such as rent and car payments, should be based on what service members can afford without COLA.

COLA reductions will occur over a four-month period (May – August 2009). The COLA rates indicated below are for service members with three dependents. These adjustments do not consider any changes due to currency fluctuations.

Full Support Community	Rank Years of Service	COLA Current Daily Rate	Adjusted COLA Daily Rate as of August 2009	Monthly Difference
Ansbach, Babenhausen, Bamberg, Baumholder, Borgholzhausen, Buedingen (incl Gelnhausen), Darmstadt, Dexheim (incl Gonsenheim and Russelsheim), Erlensee, Frankfurt Am Main (H) , Giebelstadt, Giessen, Hanau, Heidelberg , Hohenfels , Kaiserslautern Military Community (incl Bann, Einsidlerhof, Kaiserslautern, Landstuhl, Miesau, Pirmasens, Ramstein, Ruppertsweiler, Sembach, and Zweibruecken) , Karlsruhe (incl Ettlingen), Kitzengen (incl Wuerzburg), Mannheim (incl Sandhofen), Nurnberg, Schweinfurt, Spangdahlem , Stuttgart , Tübingen, Ulm (incl Neu Ulm), Wiesbaden (incl Bad Kreuznach and Wackernheim) , Other Baden-Wuerttemberg, Other Bavaria (incl Bad Aibling), Other Hesse, Other Rhineland-Palatinate, Other Saarland, All Other Landstates	E-3 2 Years	\$16.27	\$10.84	(\$162.67)
	E-6 4 Years	\$20.07	\$13.38	(\$200.67)
	O-3 8 Years	\$26.53	\$17.69	(\$265.33)
	O-4 8 Years	\$28.47	\$18.98	(\$284.67)
Partial Support Community				
Augsburg, Garmisch, Geilenkirchen, Munchengladbach (incl Greifath, Rheindahlen, and Herongen), Oberammergau	E-3 2 Years	\$17.62	\$12.20	(\$162.67)
	E-6 4 Years	\$21.74	\$15.05	(\$200.67)
	O-3 8 Years	\$28.74	\$19.90	(\$265.33)
	O-4 8 Years	\$30.84	\$21.35	(\$284.67)
No Support Community				
Bremerhaven (incl Bremen and Nordholtz) , Freiburg, Gottingen, Hannover) (incl Wunstorf), Jever AB, Kalkar , Kiel, Leipzig, Pfullendorf (incl Gross Engstingen), Wilhelmshaven, Other Lower Saxony, Other Mecklenburg-Vorpommern, Other North Rhine-Westphalia, Other Saxony, Other Schleswig Holstein	E-3 2 Years	\$28.47	\$24.40	(\$122.00)
	E-6 4 Years	\$35.12	\$30.10	(\$150.50)
	O-3 8 Years	\$46.43	\$39.80	(\$199.00)
	O-4 8 Years	\$49.82	\$42.70	(\$213.50)
Stand Alone Community				
Vilseck / Grafenwoehr	E-3 2 Years	\$16.27	\$13.56	(\$81.33)
	E-6 4 Years	\$20.07	\$16.72	(\$100.33)
	O-3 8 Years	\$26.53	\$22.11	(\$132.67)
	O-4 8 Years	\$28.47	\$23.72	(\$142.33)